



State Capitol | Lansing, Michigan 48913

PH (517) 373.6920 | FAX (517) 373.2751

www.senate.michigan.gov/gop/senator/kuipers/

For Immediate Release
August 17, 2005

Contact: Darin Ackerman
517-373-6920

Local school leaders praise Senate effort to control rising costs of teacher health insurance

LANSING – School superintendents praised a Senate-led effort to examine and reform how public-school employees receive health-care benefits at a hearing today. The testimony of local leaders about how more and more education dollars go to insurance costs instead of educating children, demonstrates the need to move ahead, said Sen. Wayne Kuipers, R-Holland.

“We’ve heard from too many superintendents and school leaders about how hikes in health-insurance costs have meant lay-offs and fewer dollars getting into classrooms and educating children,” Kuipers said. “Creating a pool for school employees would save hundreds of millions of dollars while maintaining teachers’ already excellent benefits.”

Kuipers, who chaired the joint hearing of the Senate Education and Appropriations committees, said lawmakers have heard a consistent message from school leaders that the state must seriously consider creating a statewide pool of public-school employees to save money. The expected \$175 per pupil funding increase to school is estimated to be eaten up by health-insurance cost increases to school districts.

“Health-care cost increases have far exceeded school districts’ ability to pay without cutting essential services,” said Kevin O’Neill, superintendent of the Coopersville Area Public Schools and head of the Ottawa Area Superintendents’ Association.

Michigan could save an estimated \$146 million to \$281 million in the first year, or an additional \$86 to \$165 per pupil, if school employee health-care benefits were pooled together, the report found. Almost half of Michigan school employees have an expensive fee-for-service health plan, while nationally just 2 percent of employers offer such plans.

The Legislature requested the study by the HayGroup, a human-resources consulting firm, this spring in a search for options to lower the cost of educators’ health care without reducing benefits. The report found that under the present system, school districts spend an average of \$11,362 per employee on health-care benefits while the state employees plan costs \$9,212 per employee. A statewide pool would greatly reduce administrative costs.

“The status quo just means the increased funding the Legislature provides to the schools every year is being eaten away by health-insurance costs,” said Senate Majority Leader Ken Sikkema, R-Wyoming. “We must patch the holes in spending so that efforts to increase funding actually amount to something meaningful. We can find a way to provide excellent benefits at a lower cost if all parties in this issue are willing to listen and work together.”

During one hearing on the HayGroup report, leaders of the Michigan Federation of Teachers proposed about their own solution to how to get more tax dollars into classrooms and educating children by reforming how health-care benefits are offered to public-school employees. Senate Republicans welcomed the proposal from the MFT and pledged to give it serious consideration.

(More)

Besides hearing from the MFT and its proposal, senators also have listened to representatives from the Michigan Education Association and the governor's administration talk about how the HayGroup's recommendation would affect unions and collective bargaining. They offered no proposal of their own or ideas about how to reduce the growth of health-insurance costs.

The HayGroup report is available online at <http://council.legislature.mi.gov>.

###